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Volume 12

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
December 1967

"S. 12" 25 1968

Number 5

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

FEDERAL ORDER NEWS

The U. S. Department of Agriculture is scheduling a National Public Hearing to consider appropriate regulations under Federal orders of "filled milk" and other fluid products marketed as milk substitutes or in imitation of milk and containing both milk and non-milk ingredients. The hearing is to be held beginning February 19, 1968 at the Chisca Plaza Hotel, 272 South Main Street, Memphis, Tennessee. All proposals to be considered at the hearing should be received in Washington (Deputy Administrator, C&MS, USDA), on or before January 22, 1968. There are 74 Federal orders now in effect.

The U. S. Department of Agriculture has issued a Recommended Decision (hearing held May 1967) for a Chicago Regional marketing area order. This proposed new order would combine the old Chicago area and 5 existing nearby order areas. The 5 existing orders covered by the proposed merger are the Northwestern Indiana, Rock River Valley (Ill.-Wis.), Milwaukee, Northeastern Wisconsin and Madison, Wisconsin orders. The old Chicago order was terminated on May 1, 1966 after more than one-third of the producers did not approve the order as it was proposed to be amended. The new order would provide for a market-wide pool and two utilization classes. The Class I price would be \$1.00 above the basic formula price with no supply-demand adjuster. The Class II price would be the basic formula price (Minnesota-Wisconsin manufacturing grade milk). The final date for filing exceptions to this Recommended Decision is January 19, 1968.

MARKET SUMMARY - DECEMBER 1967

The Chattanooga Order MINIMUM uniform producer price is \$5.65 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 8.4 cents for each one-tenth of one percent above or below 3.5% test.

In December 1967, 78.0% of the producer milk received by pool plants was priced in Class I at \$6.14 per cwt. and 22.0% was priced in Class II at \$4.04 per cwt. The December butterfat differential for Class I was 8.6 cents and Class II was 7.8 cents.

Total producer milk received during December 1967 was 18,130,081 pounds which is an increase of 285,876 pounds or 1.6% compared with December 1966. The December daily average deliveries per farm from 548 producers was 1,067 pounds. This compares to 572 farms delivering a daily average of 1,006 pounds per day during December 1966.

PRODUCER MILK BASES

Milk bases to be used March through July 1968 will be calculated from milk deliveries during September 1967 through January 1968. A base is assigned to the producer name (payroll check account) as reported by the receiving handler. Producers, especially partnerships, are urged to see that their name is correctly listed with the handler and Market Administrator. Milk bases will be announced by the Market Administrator, on or before March 1, 1968.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Dec. '67 over Dec. '66	Dec. 1967 9	Nov. 1967 9	Dec. 1966 10
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 1.6	584,841	579,931	575,620
Other Source	+ 3.1	21,278	23,005	20,646
Other Federal Orders	+ 150.9	115,794	115,921	46,158
TOTAL MILK RECEIPTS	+ 12.4	721,913	718,857	642,424
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	- 3.1	366,011	377,923	377,738
Skim - Regular	+ 8.8	17,770	17,667	16,333
Skim - 2% Milk	+ 46.3	36,670	36,683	25,065
Buttermilk	+ 4.0	41,301	40,569	39,713
Flavored Milk and Drink	+ 5.5	11,491	12,733	10,887
Creams (Sweet and Sour)	+ 9.8	3,685	3,096	3,356
Sub-Total - Pkg. Products (Pool Plants)	+ 0.8	476,928	488,671	473,092
Other (Shrinkage, Inventory, etc.)		19,172	136	2,425
Sales to Non-Pool Plants		37,515	64,340	31,297
In-Area Sales by Non-Pool Plants		1,916	1,810	4,686
TOTAL CLASS I MILK	+ 4.7	535,531	554,957	511,500
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 5.9	27,242	40,175	25,733
Cottage Cheese	+ 17.4	28,506	29,451	24,282
Powdered and Condensed Milk		70,758	34,756	37,602
Livestock Feed and Skim Dumped		6,010	6,674	5,590
Sub-Total - Used to Produce	+ 42.2	132,516	111,056	93,207
Shrinkage Class II		11,401	7,402	10,774
Other (Inventory Variation, etc.)		14,897	9,163	(3,991)
Bulk Sales to Non-Pool Plants		27,568	36,279	30,934
TOTAL CLASS II MILK	+ 42.4	186,382	163,900	130,924
Class I Pounds in Area - Pool Plants	+ 1.6	306,208	294,106	301,483
Class I Pounds Out of Area - Pool Plants	+ 10.8	227,407	259,041	205,331
Class I Pounds in Area - Non-Pool Plants		1,916	1,810	4,686
% Producer Milk of Gross Class I		109.2	104.5	112.5
% Producer Milk Priced in Class I		78.0	81.1	82.8

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per § 1090.51(a) Amended</u>	<u>Jan. '68</u>	<u>Dec. '67</u>	<u>Jan. '67</u>
Basic Formula	\$4.05	\$4.05	\$4.26
Plus Class I Differential ^{1/}	1.95	1.95	1.75
Supply-Demand Adjustment	0.20	0.14	0.08
Class I Price, 3.5% Butterfat	\$6.20	\$6.14	\$6.09

JANUARY 1968

Supply-Demand Comparison: 2nd and 3rd preceding months: October and November

Supply: Lbs. Producer Milk (Oct. 18,312,307 and Nov. 17,397,941) 35,710,248

Demand: Lbs. Net Class I Milk (Oct. 17,776,351 and Nov. 16,594,408) 34,370,759

Utilization Percentage: Producer milk divided by Class I 104

Standard Utilization Percentage: Range 114-118 114

Net Deviation Percentage: Utilization minus Standard Utilization Minus 10

Supply-Demand Adjustment: 2 cents x 10 percentage points Plus \$0.20

^{1/} Increased 20 cents - May 1967 through April 1968.

COMPUTATION OF PRODUCER UNIFORM PRICE

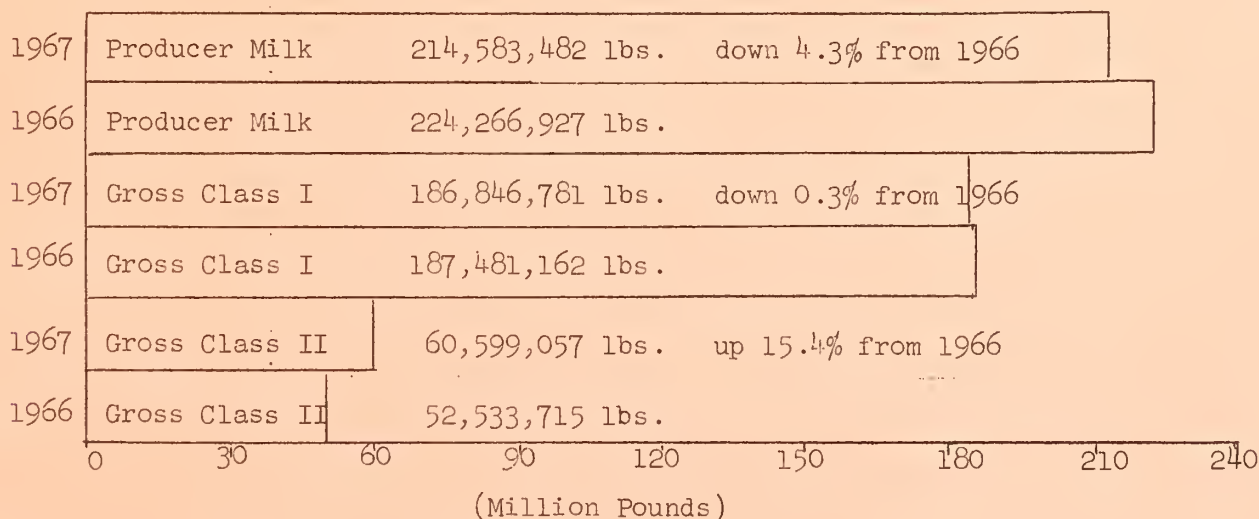
DECEMBER 1967	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		16,601,470	3.428		
Less Other Source		2,453,965	3.092		
Producer Milk Class I	78.0	14,147,505	3.486367	\$6.128276	\$ 866,998.15
Gross Class II		5,777,841	5.680		
Less Other Source		1,795,265	4.149		
Producer Milk Class II	22.0	3,982,576	6.369922	6.278539	250,047.59
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	18,130,081	4.119789		1,117,045.74
Less Fractional Adjustment					.05
Add Value of Overage					112.92
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		282,764			13,576.22
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,002.68
TOTAL VALUE AT TEST		18,412,845	4.086365	6.184473	1,138,737.51
Less Test over 3.5% @ 8.4¢ per point		18,412,845	.586365	0.492547	90,691.92
TOTAL UTILIZATION VALUE AT 3.5%		18,412,845	3.5	5.691926	1,048,045.59
Less Producer-Settlement Fund Reserve		18,412,845		.041926	7,719.77
PRODUCER UNIFORM PRICE F O.B. POOL PLANTS		18,412,845	3.5	\$5.65	\$1,040,325.82

DECEMBER 1967 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 8.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$5.23	3.6	\$5.734	4.2	\$6.238	4.8	\$6.742	5.4	\$7.246
3.05	5.272	3.65	5.776	4.25	6.28	4.85	6.784	5.45	7.288
3.1	5.314	3.7	5.818	4.3	6.322	4.9	6.826	5.5	7.33
3.15	5.356	3.75	5.86	4.35	6.364	4.95	6.868	5.55	7.372
3.2	5.398	3.8	5.902	4.4	6.406	5.0	6.91	5.6	7.414
3.25	5.44	3.85	5.944	4.45	6.448	5.05	6.952	5.65	7.456
3.3	5.482	3.9	5.986	4.5	6.49	5.1	6.994	5.7	7.498
3.35	5.524	3.95	6.028	4.55	6.532	5.15	7.036	5.75	7.54
3.4	5.566	4.0	6.07	4.6	6.574	5.2	7.078	5.8	7.582
3.45	5.608	4.05	6.112	4.65	6.616	5.25	7.12	5.85	7.624
3.5	5.65	4.1	6.154	4.7	6.658	5.3	7.162	5.9	7.666
3.55	5.692	4.15	6.196	4.75	6.70	5.35	7.204	5.95	7.708

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION

January thru December



CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Dec.'66	\$5.65	-	-	8.4¢	\$6.07	8.8¢	\$3.90	7.6¢
Jan.'67	5.62	-	-	8.2	6.09	8.6	3.90	7.6
Feb.	5.50	-	-	8.2	6.05	8.6	3.37	7.6
Mar.	5.36 2/	\$5.54	\$3.33	8.2	5.92	8.6	3.37	7.6
Apr.	5.19 2/	5.45	3.31	8.2	5.94	8.6	3.35	7.6
May	5.33 2/	5.54	3.32	8.2	6.00	8.6	3.36	7.6
June	5.47 2/	5.68	3.33	8.2	6.16	8.6	3.37	7.6
July	5.56 2/	5.76	3.33	8.2	6.24	8.6	3.37	7.6
Aug.	5.67	-	-	8.4	6.24	8.6	3.97	7.7
Sept.	5.71	-	-	8.4	6.16	8.7	3.97	7.7
Oct.	5.63	-	-	8.4	5.98	8.7	3.98	7.7
Nov.	5.57	-	-	8.4	5.98	8.7	4.00	7.6
Dec.	5.65	-	-	8.4	6.14	8.6	4.04	7.8
Jan.'68	-	-	-	-	6.20	8.8	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK USE			
	Chi.92° Butter	Minn/Wisc. Mfg. Milk	Basic Formula 4/	(Daily Average)			
	¢ Lb.	\$-cwt-3.5%	\$-cwt-3.5%	Class I Pounds	Test-%	Class II Pounds	Test-%
Dec.'66	66.49	4.14	4.26	476,665	3.59	98,955	7.27
Jan.'67	66.47	4.08	4.26	468,006	3.54	113,708	6.97
Feb.	66.47	4.02	4.15	451,595	3.50	107,190	6.89
Mar.	66.46	4.01	4.15	477,073	3.49	125,680	6.04
Apr.	66.45	3.98	4.05	463,179	3.50	180,580	4.97
May	66.47	3.96	4.05	458,593	3.51	152,870	5.28
June	66.47	3.96	4.05	444,378	3.46	140,548	5.30
July	66.47	3.95	4.05	427,640	3.50	128,838	5.27
Aug.	67.07	3.97	4.05	427,213	3.49	135,298	5.13
Sept.	67.13	3.97	4.05	482,438	3.47	113,367	5.97
Oct.	66.59	3.98	4.05	493,777	3.58	96,943	6.71
Nov.	66.48	4.00	4.05	470,450	3.57	109,481	6.66
Dec.	67.69	4.04	4.05	456,371	3.49	128,470	6.37

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlsr.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
Dec.'66	10	642,424	511,500	572	575,620	-	4.22	1,006	-	-
Jan.'67	9	645,961	508,383	568	581,714	-	4.21	1,024	-	-
Feb.	9	623,312	489,998	550	558,785	-	4.15	1,016	-	-
Mar.	9	680,040	518,872	562	602,753	554,123	4.02	1,073	986	87
Apr.	9	721,150	500,924	555	643,759	566,415	3.91	1,160	1,021	139
May	9	686,775	497,821	552	611,463	553,010	3.96	1,108	1,002	106
June	8	674,624	483,482	552	584,926	533,490	3.90	1,060	967	93
July	8	625,871	467,337	549	556,478	510,262	3.91	1,014	930	84
Aug.	8	627,993	469,524	548	562,511	-	3.88	1,026	-	-
Sept.	8	688,881	539,805	551	595,805	-	3.95	1,081	-	-
Oct.	9	717,502	575,169	550	590,720	-	4.09	1,074	-	-
Nov.	9	718,857	554,957	549	579,931	-	4.16	1,056	-	-
Dec.	9	721,913	535,531	548	584,841	-	4.12	1,067	-	-

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is receipts minus Class I

4/ Basic Formula "floor" per Order Amendments